



B. Defining Trauma and Economic Abuse



When we hear the word trauma, most of us have an instinctive understanding of what it means.

What is Trauma?

“A traumatic event that involves a single experience, or enduring repeated or multiple experiences, that completely overwhelm the individual’s ability to cope or integrate the ideas and emotions involved in that experience”

"Complex Trauma"



In the following few slides, we'll go over some other definitions of trauma, taken from several sources from social work, psychology and domestic violence research.

"A traumatic event that involves a single experience, or enduring repeated or multiple experiences, that completely overwhelm the individual’s ability to cope or integrate the ideas and emotions involved in that experience”

Key concept for our purposes: An inability to cope at the time of the service. Sometimes survivors may not be ready to embrace financial wellness right away, not even after undergoing financial literacy education. The idea of becoming financially independent may be very different for someone who has experienced trauma. For some clients, the concept of “financial empowerment” may not be automatically result in feelings of optimism or connote positive associations. They might not be as receptive to advice or help, as one would expect.

The second thing that is important to point out here is that, as this definition shows, for trauma to occur there needn’t be only one single event; meaning, the same detrimental effects on the brain can be caused by repeated traumatic experiences, big or small. An example of this may be the repeated inability to meet financial

obligations:

WHO COULD GIVE ME AN EXAMPLE? (ex: the pressure to pay monthly bills)

In other words, this definition shows us that trauma can be **created and/or exacerbated little by little** and not just be a result of a major life event— for example, losing everything at once: a job, being evicted, etc. Trauma can be the response to a cumulative series of stressful events.

[Click] This is sometimes referred to as “**complex trauma**”.

Source: Trauma Informed Toolkit, second edition 2013 https://trauma-informed.ca/wp-content/uploads/2013/10/Trauma-informed_Toolkit.pdf



Trauma & External Circumstance

“The severe distress, harm, or suffering that results from overwhelming mental or emotional pain or physical injury.”

Discrimination

Historical
and/or
Generational
Trauma

Marginalization



Here’s another definition:

“The severe distress, harm, or suffering that results from overwhelming mental or emotional pain or physical injury. Trauma is also caused by or magnified by discrimination, historical and/or generational trauma, and marginalization.”

Source: Blog: Understanding the Importance of Trauma-Informed Care. NNEDV.org
https://nnedv.org/spotlight_on/understanding-importance-trauma-informed-care/

Trauma & the Brain



“Various forms of trauma influence the development and breaking of neuro-pathways within the brain, which then directly affects the decision-making process.”



Here's another. This one touches on the ways that trauma can affect the physiology of the brain.

Basically, we know that trauma changes the brain, but this definition here reminds us that it specifically messes with our ability to make decisions.

Ross, D.B., & Coombs, E. (2018). The Impact of Psychological Trauma on Finance: Narrative Financial Therapy Considerations in Exploring Complex Trauma and Impaired Financial Decision Making. *Journal of Financial Therapy*, 9 (2)
4. <https://doi.org/10.4148/1944-9771.1174>

What is Financial Trauma?



We begin by introducing the notion of financial trauma, let's touch upon it briefly, we'll delve more deeply into it later on.

We all have a sense of what trauma in general means...



“The response to the cumulative effect of being required to experience economic violence, financial abuse, financial shaming, and/or (chronic) financial stress to attain or sustain material safety.”



Here’s how the Center for Financial Trauma defines it; hopefully this will help provide some context for the slides to come:

Financial trauma is “the cumulative effect of being required to experience economic violence, financial abuse, financial shaming, and/or (chronic) financial stress to attain or sustain material safety.”

Anything surprising here? Anything new?
Again, we'll go into this in more detail later on.

Source:
Factsheet: The EMBEDDED LEGACY OF WHITE SUPREMACY IN FINANCIAL LITERACY
https://www.canva.com/design/DAEbX02WFEI/view?utm_content=DAEbX02WFEI&utm_campaign=designshare&utm_medium=embeds&utm_source=link#4



Understanding Financial Abuse



Moving on to the next topic in this section:

Just as physical abuse and external circumstance can create trauma, financial abuse can do so too.



Preventing victim from getting or keeping a job

Making victim ask for money

Giving an allowance

Taking away money

No access to family income

Coerced debt

*Forcing victim to take out student loans,
using \$ for something else*

Refusing to pay child support



Here we go back for a little bit to the context of domestic violence; here's the power and control wheel some of you may have probably encountered it before; here we have economic abuse as one of the categories.

Here are the examples that are usually listed as ways that this abuse manifests, since font is hard to read I listed them here.

Here I would add, based on feedback from advocates who have participated in this training previously:

- Getting credit cards or loans in the victim's name, or ruining their credit, what's known as coerced debt.
- Forcing the victim to take out student loans and using these to pay for something else.
- Refusing to pay child support, convincing victim that they shouldn't ask for child support or quitting their job so that they don't have to pay it.

How is financial abuse unique compared to other types of abuse?



MOST HIDDEN AND EASILY CONCEALED

Easily undetected, abusers go unchallenged. Money is taboo subject and abusers bank on this.

KNOWS NO BOUNDARIES

Disproportionate effect on marginalized communities but still happens across social class, gender and age. It's far reaching.

DEVASTATING LONG-TERM EFFECTS

It's destruction and daily impact on lives of victims can last years after the relationship has ended.

Source: NCAADV / NEEF's "Creating and Sustaining Financial Well-Being" webinar



The following are some reasons why Financial abuse is unique:

- On one hand It's a very covert form of abuse, easily undetected— on the other, it can have one of the most far-reaching impact on the lives of who suffer it.
 - Because this lack of knowledge, abusers are able to go unchallenged and undetected. Abusers bank on this, the silence and compliance.
 - Another important factor in this is a cultural one: the fact that we don't speak about money openly, the subject is taboo, which makes it even harder for victims and easier for abusers.
- Although it may affect some communities disproportionately, economic abuse knows no boundaries: happens across social class, gender, age. It's far reaching.
- It has a devastating, long-term impact
 - It's destruction and daily impact on the lives of its victims can last years after the relationship has ended.
 - Financial control is one of the injuries that on the psychological abuse spectrum takes the longest to heal.